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SUBJECT: Jordanian-Iraqi Technical Committee Discusses Ways to Advance Trade and Economic Ties

REF: Amman 1493

¶1. (SBU) Summary: The Jordanian-Iraqi Joint Technical Committee met on June 22 to discuss efforts to advance bilateral trade and economic ties. Jordanian officials viewed the meeting as important for building upon growing bilateral trade levels, as evidenced by Iraq receiving 20 percent of Jordan's total national exports from January-April 2009. The meeting led to the signature of a Free Trade Agreement between the countries, as well as agreements on customs cooperation, transportation, animal health, and agriculture. End summary.

¶2. (SBU) The Jordanian Department of Statistics (DoS) reported that Jordanian exports to Iraq from January-April 2009 totaled JD 236.2 million (USD 333.6 million), up 36.9 percent from JD 172.5 million (USD 243.6 million) during the same period in 2008. This represented one-fifth of Jordan's total national exports, making Iraq Jordan's top export market among the 100 countries with which it has trade ties. Jordan's major exports to Iraq included vegetables, machinery, and transport equipment.

¶3. (SBU) Aiming to build upon this growing bilateral trade relationship, Jordanian Ministry of Industry and Trade (MoIT) Secretary General Montaser al-Okla and Central Bank of Iraq Deputy Governor Ahmad Salman co-chaired the Jordanian-Iraqi Joint Technical (Trade) Committee meeting in Amman on June 22. Okla informed Econoffs that the meeting was successful in helping to pave the way for a possible future visit to Iraq by Jordanian Prime Minister Nader Al-Dahabi, who has indicated to the Ambassador that economic issues are a driving force for the anticipated trip. Okla further commented that conclusion of a bilateral Free Trade Agreement was more political than commercial since it referred to the Greater Arab Free Trade Agreement for specific trade commitments, such as rules of origin. He also noted that four other agreements were signed relating to customs cooperation, transportation, animal health, and agriculture.

¶4. (SBU) Although Jordan had raised some concerns in the Joint Technical Committee meetings about private sector financial matters, Okla said the Iraqis declined to discuss the financial portfolio -- including debt -- noting that a separate committee in Iraq had been established to handle those issues. Okla also reported that the Iraqis were pleased with the progress being made to develop a free trade zone (FTZ) at Karama-Treibil (the Iraq-Jordan border post), as with the new GOJ regulations issued in early 2009 to ease visa and residency procedures for Iraqi investors, which Iraq asked to be further expanded (reftel).

¶5. (SBU) Despite the new agriculture agreement between the two countries, Okla confirmed that Jordan has blocked the import of Iraqi dates, a decision taken by the Jordanian Ministry of Interior due to alleged security concerns. Jordanian exporters have also expressed concerns about what they perceive as an unwritten Iraqi policy to provide preferential treatment to Iranian agricultural products, which are similar and competitive to Jordan's produce, thus creating trade barriers that prevent Jordanian agricultural

goods from being marketed in Iraq. Most recently, local press reported on July 14 that 39 Jordanian trucks loaded with produce had been held at the Karama border for days and were eventually diverted to Syria due to a ban by the Iraqi government on Jordanian exports of fruit, vegetables, and grains.

¶6. (SBU) Comment: The Jordanian-Iraqi Technical Committee has been meeting periodically for approximately three years. Press announcements following each session are always extremely positive, expressing high expectations for the future. Little has been reported, however, on executive plans or tangible progress. Discussions regarding the development of a FTZ at the Karama-Trebil border, for example, have been on-going for several years, with an actual Jordan-Iraq free trade zone seemingly no closer to establishment. Nevertheless, the Jordan-Iraq commercial relationship seems to be on an upward trend of increasing trade levels, possibly attributed to improved security enabling greater business between the private sectors in the two countries.

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